

Message Text

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ACTION SS-25

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 5610

S E C R E T NEW DELHI 8284

EXDIS

E.O. 11652: GDS

TAGS: PFOR, EAID, EFIN, ETRD, EAGR, IN

SUBJECT: MEETING WITH PRIME MINISTER GANDHI

SSMARY: I MET THIS MORNING WITH THE PRIME MINISTER TO GO OVER
A SERIES OF MATTERS WHICH I HAD ASKED TO DISCUSS WITH HER.
THE MEETING WAS FRIENDLY AND BY INDIAN STANDARDS CONSTRUCTIVE.
END SUMMARY

1. I PRESENTED AN AIDE MEMOIRE OUTLINING MY INSTRUCTIONS
WITH RESPECT TO RUPEES. SHE ASKED THAT WE NOW COMMENCE
FORMAL NEGOTIATIONS WITH MINISTER OF FINANCE CHAVAN. SHE MADE
NO COMMENT ON THE OFFER AS SUCH.
2. I PRESENTED AN AIDE MEMOIRE REPORTING THAT AFTER TWENTY
ONE YEARS AND MANY ACHIEVEMENTS THE AMERICAN TECHNICAL ASSISTANCE
PROGRAM IN INDIA HAS COME TO A CONCLUSION. I INFORMED HER
THAT WITH THIS CONCLUSION WE WERE NOW ABLE TO TURN OVER TO
THE GOVERNMENT OF INDIA THE AID APARTMENT COMPLEX. SHE THANKED
ME FOR THE APARTMENT BUILDINGS.
3. I TOLD HER OF OUR CONCERN THAT INDIA SHOULD BE ABLE TO
PURCHASE THE GRAIN IT NEEDS TO MAKE UP THE SHORTAGES BETWEEN
NOW AND THE HARVESTING OF THE KHARIF CROP. I EXPLAINED THAT
OUR DOMESTIC SUPPLY SITUATION WAS MUCH MORE COMPLEX THAN IT HAD
BEEN. SHE ASKED ME WHAT I RECOMMENDED. I SAID MY RECOMMENDATION
WOULD BE THAT THEY SHOULD HAVE BOUGHT WHAT THEY NEEDED THREE
MONTHS AGO. I NOTED THAT I HAD TOLD HER PEOPLE AT LEAST THAT
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FAR BACK THAT EVERY DAY THEY PUT IT OFF WOULD COST THEM A MILLION
DOLLARS, WHICH IT HAS. (THIS MAY EXAGGERATE A BIT, BUT IT WAS
THAT KIND OF CONVERSATION.) SHE IS EVIDENTLY MUCH INVOLVED
IN THIS SUBJECT NOW, KNOWS THEY ARE TRYING TO BUY THREE

MILLION TONS OF WHEAT AND ONE AND ONE HALF MILLION TONS OF MILO, AND KNOWS THAT THEY HAVE DELAYED DISASTROUSLY. FOR GOOD MEASURE I ADDED THAT A MONTH AGO HER FOOD MINISTER HAD TOLD ME THEY NEEDED TO GET ONE MILLION TONS TO BOMBAY BY THE FIRST OF SEPTEMBER, WHICH MEANS THE GRAIN WOULD HAVE TO BE AT SEA TODAY IN ORDER TO ARRIVE BY THAT TIME. IT IS NOT. MY COMMENTS WERE VERY LOW KEY, AND SHE INDICATED A CERTAIN WEARY AGREEMENT.

4. I EXPRESSED OUR DESIRE, AS STATED IN THE PRESIDENT'S STATE OF THE WORLD ADDRESS AND BY AMERICAN REPRESENTATIVES AT THE JUNE CONSORTIUM MEETING, TO BEGIN DISCUSSION OF POSSIBLE FUTURE DEVELOPMENTAL AID ASSISTANCE AND OF TRADE AND ECONOMIC RELATIONS. I PUT IT THAT WE SAW THREE SEPARATE DISCUSSIONS, ALL INTERRELATED, ON RUPEES, AID, AND TRADE. OUR CONCERN WAS TO SEARCH OUT AND AGREE ON AREAS AND ACTIVITIES OF MUTUAL BENEFIT. SHE AGREED THAT THIS SHOULD BE DONE, AND THAT HER SECRETARY, PROFESSOR P. N. DHAR, WOULD ORGANIZE TEAMS TO MEET WITH US.

5. WE HAVE INFORMED THE PRESS OF THE AGREEMENT TO COMMENCE THESE THREE SETS OF NEGOTIATIONS. MINISTER CHAVAN WILL BE AWAY FROM DELHI UNTIL FRIDAY, BUT I EXPECT TO SEE HIM THEN.

6. THE PRIME MINISTER HAS HAD FLU AND LOOKS IT. THERE WAS NOT MUCH GIVE IN HER, BUT NO HOSTILITY EITHER. WE WERE INTERRUPTED WITH NEWS OF THE AFGHANISTAN COUP, WHICH COULD HAVE DISTRACTED HER. AS WE WERE ALONE SAVE FOR A NOTE TAKER. I LATER "DEBRIEFED" DHAR. I COME TO REALIZE THAT NOT EVEN THE SIMPLEST HOME TRUTHS ARE TOLD HER BY HER STAFF. HE WAS NEAR ECSTATIC THAT SOMEONE HAD FINALLY HAD THE COURAGE TO TELL HER THE GRAIN SHOULD HAVE BEEN BOUGHT THREE MONTHS AGO. THE TIMING IS ESPECIALLY CRITICAL HERE. THE FOUR AND ONE HALF MILLION TONS NEEDS TO ARRIVE WITH SUFFICIENT FLOURISH TO BRING OUT THE THREE MILLION ODD TONS THAT ARE BEING HOARDED AS A RESULT OF THE NATIONALIZATION OF THE GRAIN TRADE LAST WINTER. ONE TON OF IMPORTED GRAIN IS INTENDED TO BRING TWO TONS TO MARKET. BUT IF IT DOESN'T GET HERE IN TIME THIS WON'T HAPPEN. THEY
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COULD HARDLY HAVE MUCKED UP MORE, BEGINNING WITH NATIONALIZATION. THEY ALL KNOW IT, BUT DON'T DARE SAY. POWER TO THE PEOPLE.
MOYNIHAN

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